

CENTRAL INTELLIGENCE AGENCY

Approved For Release 2005/06/23 : CIA-RDP79M00467A001300190008-0



23 April 1976

76-1528/6

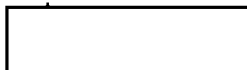
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NOTE FOR DICK LEHMAN

Dick:

I will be off most of the day and am tardy in getting reactions back to you on your intriguing memorandum about intelligence and production. I would like to sit down with you next week and discuss some of this. I am particularly interested in what can be done to press home on this "interdisciplinary" business.

I'll be in touch.



E. H. Knoche

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76-1528/5

14 April 1976

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Options for a National Production System

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I-23.1

1. We have been discussing the future handling of national production since the Executive Order was issued in February. From these discussions have emerged consensus on some issues and definition of others on which no consensus exists. In addition, from the Executive Order itself come new requirements that must be accommodated. This memorandum provides a basis for you to reach a decision on these matters. I believe you should do so now, while your freedom of action is at its maximum.

2. Statutes and Directives

-- The National Security Act of 1947 states that: "...it shall be the duty of the Agency, under the direction of the National Security Council...to correlate and evaluate intelligence relating to the national security...Departments and other Agencies of the Government shall evaluate [and] correlate...departmental intelligence."

-- E.O. 11905 provides that: "The DCI will...supervise production and dissemination of national intelligence...Promote the development and maintenance by the Central Intelligence Agency of sources of common concern...including...national level intelligence products."

"CIA will...produce and disseminate foreign intelligence relating to the national security...to meet the needs of the President, the National Security Council, and other elements of the United States Government."

"Senior Officials of the Intelligence Community shall...contribute in areas of [their] responsibility to the national intelligence products produced under auspices of the Director of Central Intelligence."

(EXECUTIVE REGISTRY FILE

I-23.1

Executive Registry
Room 7-E-12
Headquarters

3. It is generally agreed that:

-- National production should be administratively placed as close to you as possible.

-- You should receive substantive advice directly, without a requirement that it be channeled through either Deputy.

-- The NIO's are extremely useful as staff officers and should continue in this role. (Their staff functions include: consumer liaison; advice to the DCI on substantive matters, including intelligence production; action to develop teamwork among producers and collectors and among agencies of the Community; and energizing the Community to address new problems, fill gaps, and exploit new sources and methodologies.)

-- The quality of estimative intelligence would be improved by some sort of collegial review process.

-- The system should provide for a formal Community role, and should in practice encourage maximum Community participation where the product would not suffer thereby.

4. There is disagreement over the present management of national production. In the present system, the NIO's act not only as staff officers but, with respect to estimative production, as managers.

-- Line managers of production organizations argue that this system divides and weakens responsibility for review of product and undercuts their authority over their analysts. They believe confusion over responsibility for product means that papers are issued without sufficient review. They see the NIO's as having first call on their resources but no responsibility for justifying these resources or managing them. They believe the focus of NIO's on short-range policy support draws resources away from essential longer range research. Moreover, the individualistic nature of the NIO system creates uncertainties within the system and makes for

an uneven product.* The DCI does not have one manager for national production; he has a dozen. This leaves him the only generalist officer in the review process and places on him too great a burden for ensuring that all regional and functional interests have been considered. Finally, the flow of current intelligence support to the policymaker is managed separately from the flow of estimative support.

-- The NIO's do not accept most of these criticisms. They contend that the ability of the NIO's to cut across organizational barriers makes for maximum flexibility in focusing Community resources on a particular problem. They agree that this creates some tension within the system but believe that this is a relatively small price to pay for producing truly national intelligence. To them, if intelligence does not meet policy support requirements, its performance in research will be irrelevant. They do not accept the argument that the quality of product has suffered. Rather, they argue that improved communications with the consumer have made the product much more useful. Moreover, they believe that line managers are too focused on management concerns to give full attention to the product. The system is individualistic, but by design: the requirements facing each NIO are unique, and he must deal directly with the DCI in his own way. The NIO's would agree that the system separates current and estimative intelligence, but do not consider this a matter of concern.

5. The Executive Order, in addition to confirming your authority over the national production system, generates two new problems you must take into account in considering changes to that system.

-- The creation of the CFI provides for the first time centralized resource authority over the Community. If that authority is to be used effectively, the IC Staff must be able to

*The Director of Current Intelligence, CIA, must meet the requirements of seven NIO's, for three of whom his are virtually the only supporting analysts available, and has at least peripheral concerns involving all eleven.

provide the CFI with requirements and evaluations that have been developed by the production organizations and their analysts. A systematic allocation of resources must reflect a systematic marshalling of analytic judgment. No effective central management for such a purpose now exists.

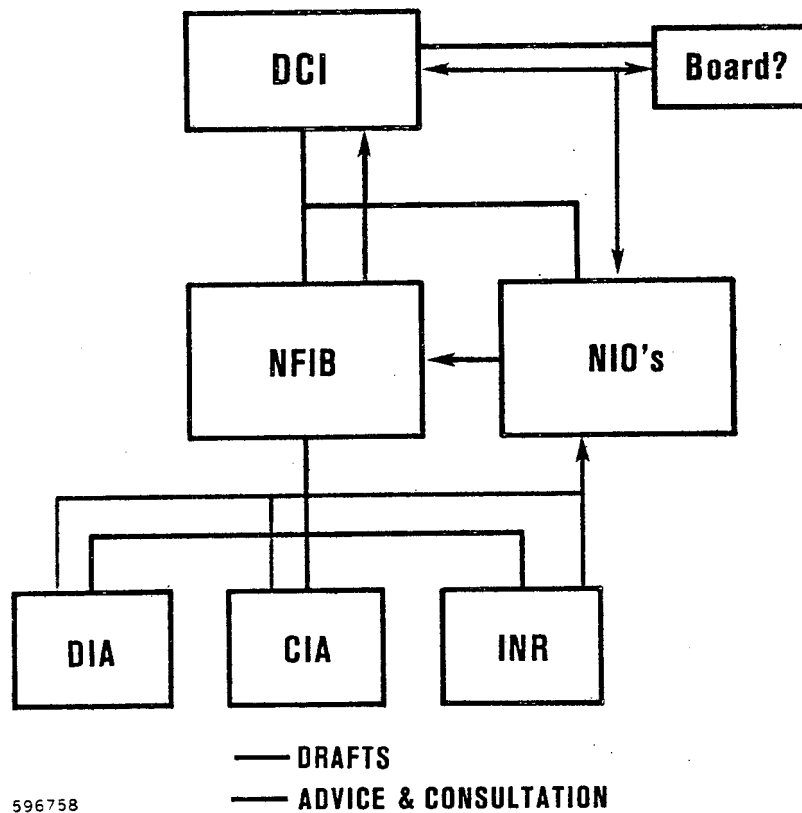
-- The trend over recent years toward a greater separation of the DCI in his Community role from the Central Intelligence Agency has caused morale problems in CIA, which sees itself as being ousted from its "central" role. Separation of the DCI is institutionalized in the Executive Order, and in your consequent decision to transfer the Vice-Chairmanship of NFIB to your Community Deputy. But CIA, after the travails of the last three years, needs a reconfirmation from you that it is central and essential to the nation if it is to recover its élan. Moreover, it would be desirable for you to structure relations between your deputies so that their roles are 1) mutually supporting; and 2) more or less balanced in responsibilities.

6. We have developed four options for you to consider. Each assumes that your Community Deputy will be Vice-Chairman of NFIB. Each links you closely to national production and provides for substantive advice directly to you. Each retains the NIO's in their staff role and incorporates the improvements that all agree they have brought to national intelligence. Each can accommodate a collegial review function. (There are several forms such a review might take, and several variants on how the NIO's themselves might be constituted; this memorandum does not address these questions.)

-- Option I retains the present system, perhaps with minor modifications. The NIO's continue to manage national estimative production; CIA continues to handle current. This Option as it stands does not provide for a strong analyst-based evaluation system.

- PRO: Provides maximum Community role
Provides flexible system
System works reasonably well
Least disruption
- CON: No single officer responsible for production
Product suffers from divided responsibility
Violates chain-of-command
CIA downgraded, no longer central
DD/COMM greatly overweighs DD/CIA
NIO's must be integrated into larger structure and given additional staff if evaluative input to ICS is to be provided
Current and estimative separated

Estimative Intelligence
Option I
Present system



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-- Option II transfers the management of national estimative production to a Steering Group composed of the production managers of CIA, DIA, and INR, and chaired by DD/CIA or DDI. Through them it places the responsibility for production and review within the line organizations. The Steering Group is charged with providing evaluations to the ICS. (See Paragraph 7 for a discussion of the production process and the role of the NIO's under Options II-IV.)

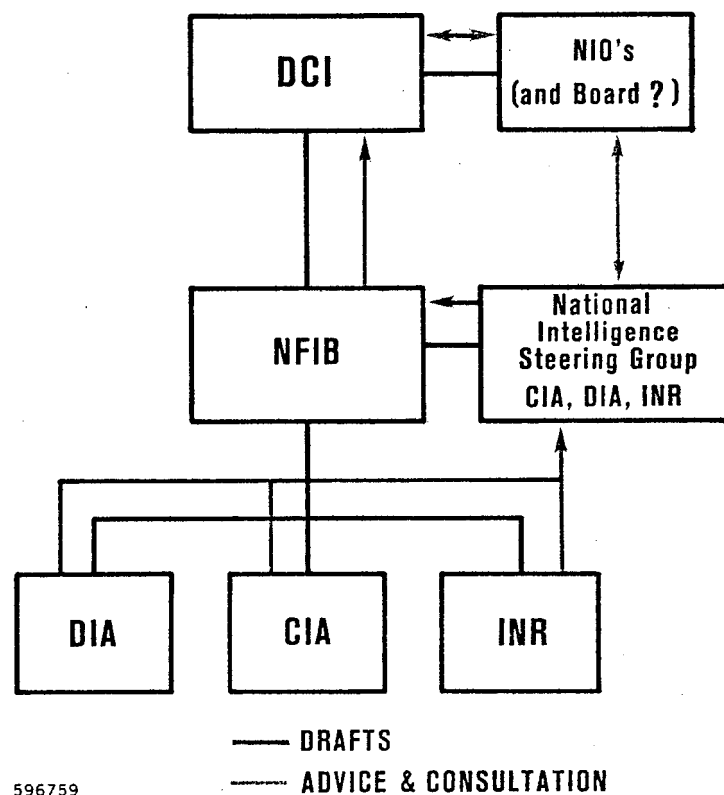
PRO: Maintains strong Community role
Places estimative production in the hands of line managers
Gives some "centrality" to CIA through chairmanship of Steering Group
Provides mechanism for evaluative input

CON: No single officer responsible for production
Cumbersome: an additional layer in the process
NIO's will have difficulty relating to the management system
DD/COMM still out of balance with DD/CIA
Current and estimative still divided
Some disruption necessary

Estimative Intelligence

Option II

Present system with community production management separated from NIO's



-- Option III eliminates the Steering Group and makes the Deputy for CIA the DCI's Executive Agent* for national production, both estimative and current. He in turn is responsible for organizing and coordinating Community participation. The NIO's report separately to the DCI, as in Option II. DD/CIA also becomes Executive Agent for Community evaluation.

PRO: All production management, current and estimative, in hands of line managers
One officer (DD/CIA) responsible for all Community production
DD/COMM and DD/CIA have balanced, complementary responsibilities
CIA role as central organization reaffirmed
Provides mechanism for evaluative input
Improved efficiency
System worked well on military estimates
1970-73

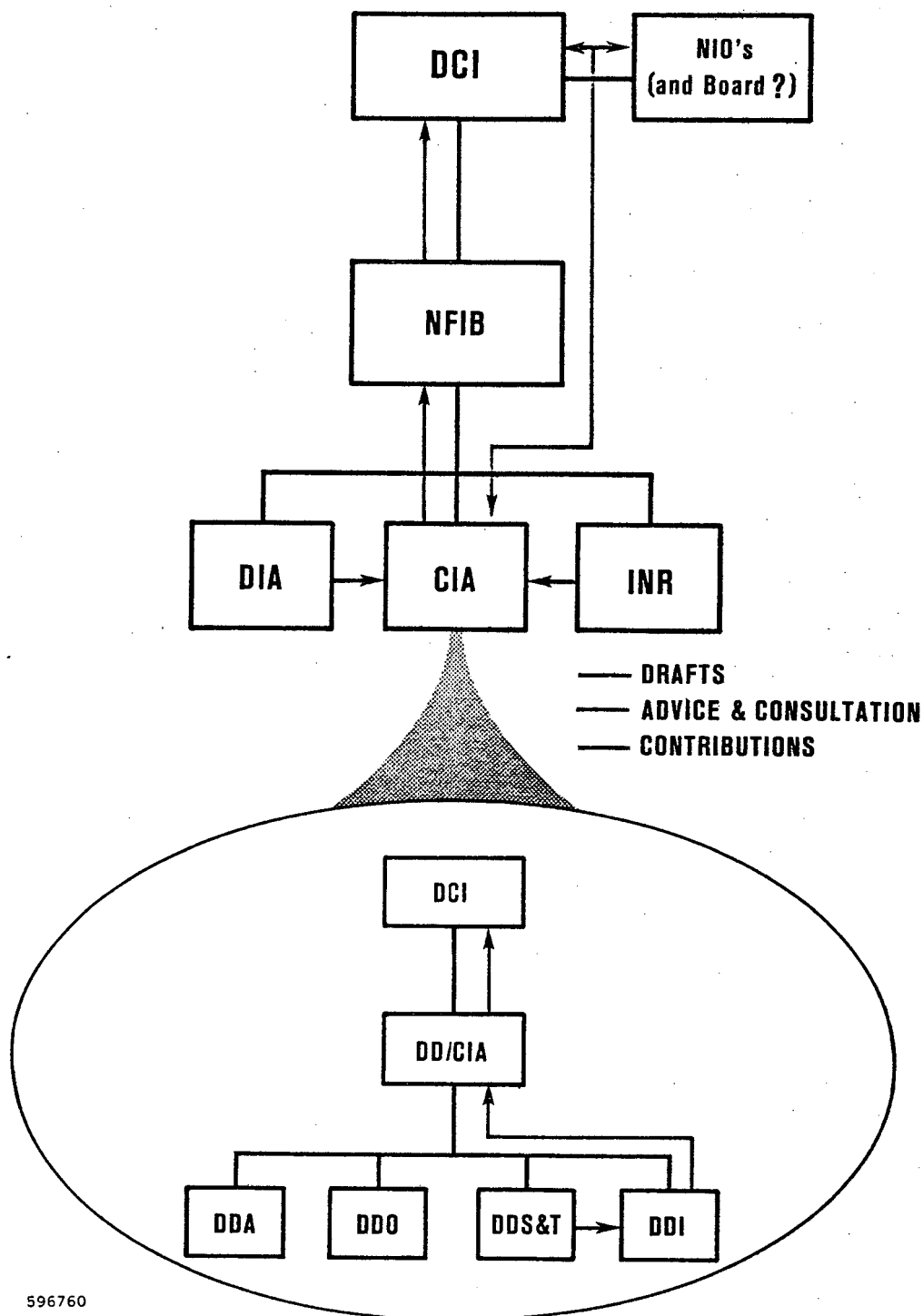
CON: Some loss in the appearance of Community participation; the actuality will depend on what mandate DCI gives to DD/CIA
DIA and INR may view as a step backward
With these additional duties, DD/CIA may not be able to give sufficient attention to management of the Agency
The NIO's will have some difficulty relating to the management system, although less than under Option II
Some disruption necessary

*DD/CIA might want to retain the Steering Group to advise him.

Estimative Intelligence

Option III

Adaptation of system used for military estimates 1970-73



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-- Option IIIA is similar to Option III in all but one respect. In matters relating to production, the DDI reports directly to the DCI and thus becomes his Executive Agent* for national production.

PRO: One officer (DDI) responsible for all
Community production
All production management in the hands
of line managers
CIA role as central organization re-
affirmed
Provides mechanism for evaluation in-
put, in which CIA complementary to
ICS
Improved efficiency
DD/CIA would carry less load than under
Option III
One less layer between DCI and producers

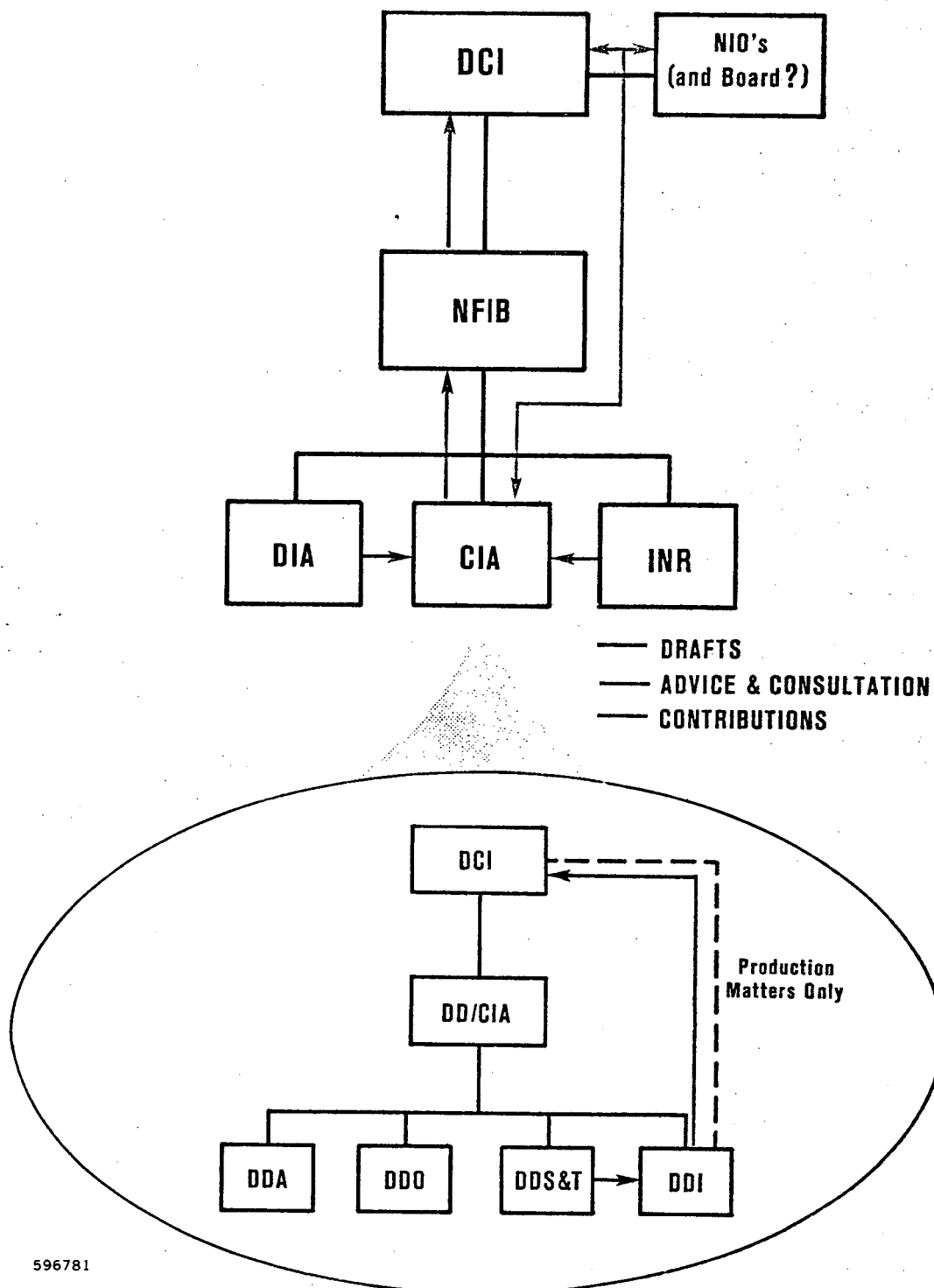
CON: Some loss in the appearance of Community
participation; the actuality will de-
pend on the DCI's instructions to DDI
DIA and INR may view as a step backward
The NIO's will have some difficulty in
relating to the management system,
although less than under Option II
Some disruption necessary

*DDI might want to retain the Steering Group
to advise him.

Estimative Intelligence

Option IIIa

DDI as Executive agent



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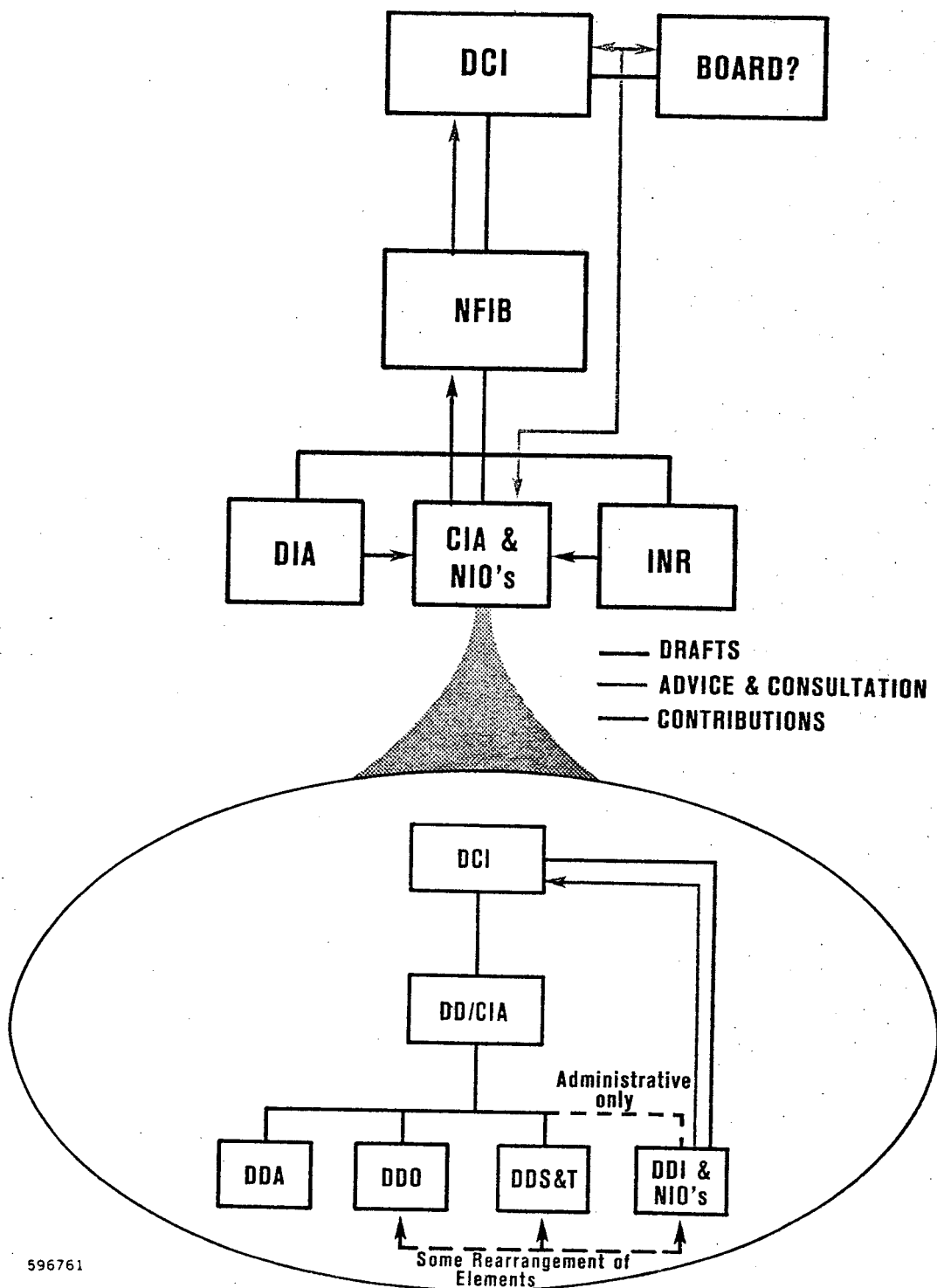
-- Option IV goes a further step. The DDI/CIA is Executive Agent and becomes in effect the chief NIO as well. His Directorate remains administratively a part of CIA, but he reports directly to the DCI, not through the Deputy for CIA, on other matters. This amounts to the creation of a national production organization under the DCI. It would be responsible for managing Community evaluation.

- PRO: Integration of NIO's and CIA producers
 makes for maximum efficiency
 Brings production most directly under
 DCI control
 All production management in hands of line
 managers
 One officer (DDI) responsible for all Com-
 munity production
 CIA role as central organization reaffirmed
 Compared with III, reduced load on DD/CIA
 Provides mechanism for evaluative input in
 which CIA complementary to ICS
- CON: Would considerably exacerbate problem of
 Community participation noted under
 Option III
 Would create serious concerns in other
 Community agencies
 While NIO's would be available to DCI, their
 ability to operate throughout the Community
 would be reduced
 Could be seen as first step toward fragmentation
 of CIA
 DD/CIA would carry less weight vis-a-vis DD/COMM
 Considerable organizational disruption

Estimative Intelligence

Option IV

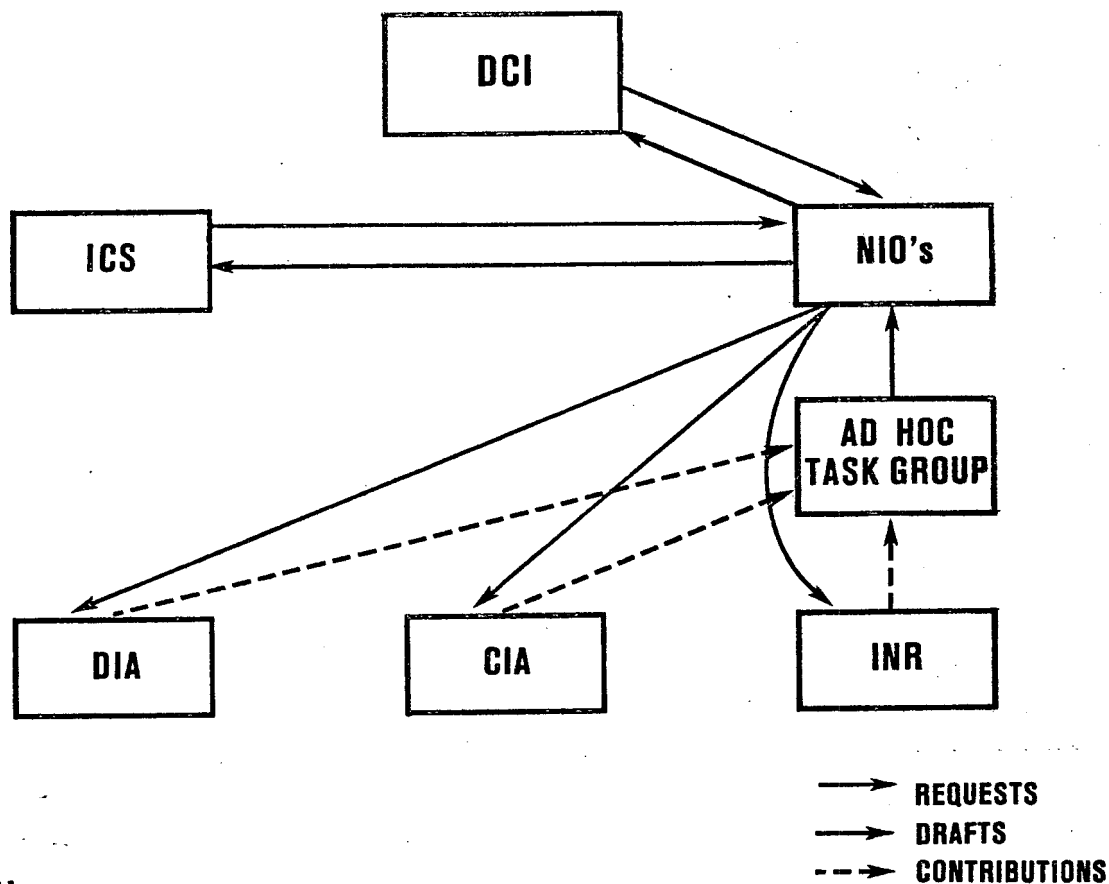
National production organization directly subordinate to DCI



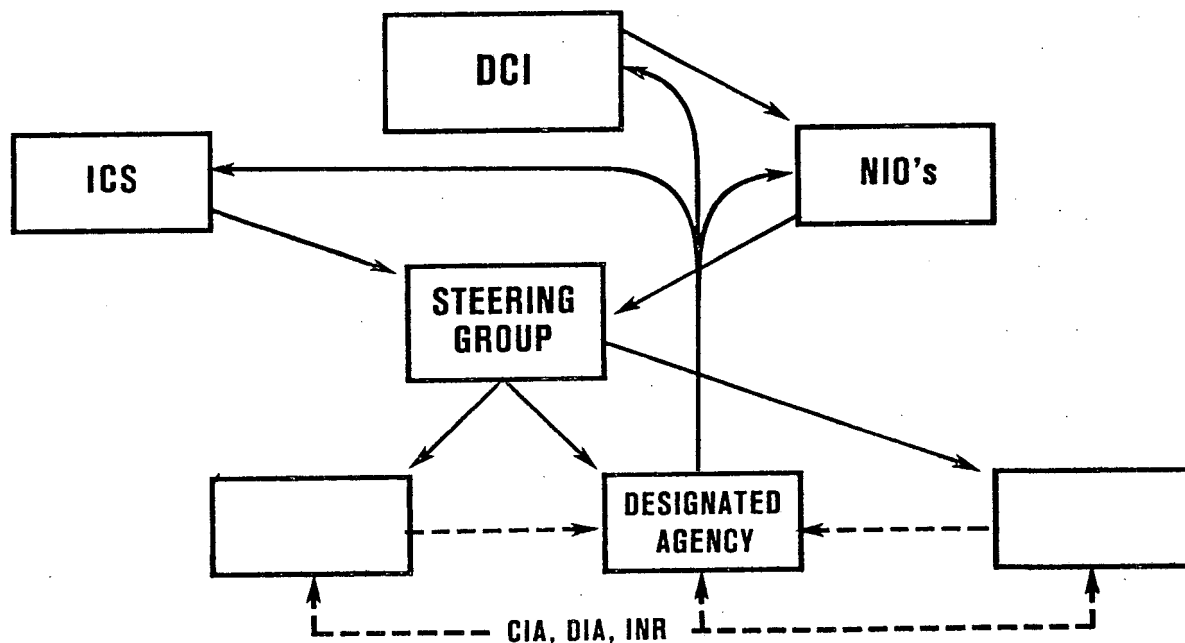
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THE PROCESS

1. Estimative Option I



2. Estimative Option II



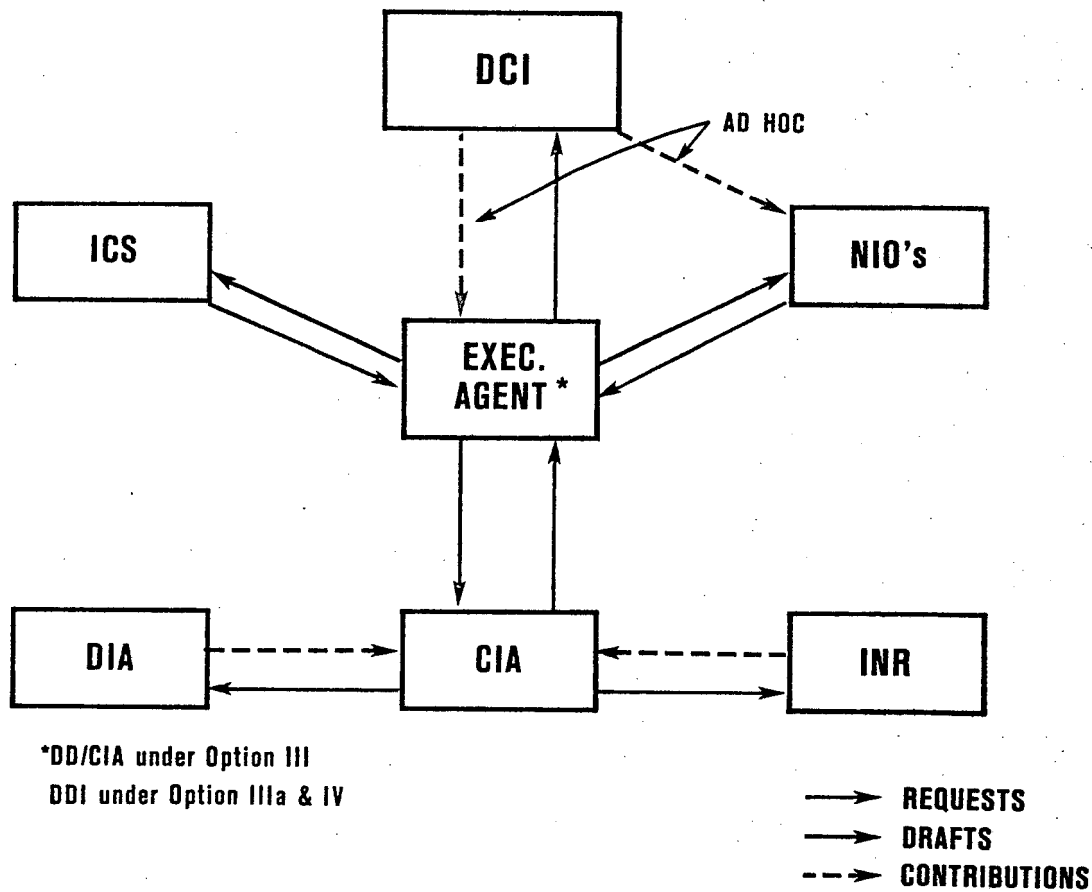
7. Options II-IV require a change in the production process, in which responsibility for the finished product rests more on the line production managers than it does under the present system. At the same time, each of these options places on the NIO responsibilities comparable to those he now carries.

-- In Option II, the NIO (or for evaluations, the DD/COMM) states his requirement for a paper to the Steering Group and recommends which organizations and analysts should be involved. The Steering Group decides how the paper is to be produced (normally accepting the NIO's definition of the paper and giving full weight to his recommendation). It designates which production Agency will manage the product. That Agency is then responsible for assembly of contributions, drafting, coordination, etc., and delivering a draft to the DCI. The NIO is responsible to the DCI for reviewing the draft and advising him as to its suitability before the DCI finally issues it. He may serve in this regard as the member of a collegial board who has primary interest. He is also free to participate in the process at every stage, but not to direct it. Rather, his influence comes from the fact that the drafters will have to defend the piece before the DCI, or the DCI's board of review, and the NIO has an independent opportunity to advise the DCI. It is therefore in the production officer's interest to take account of the NIO's view, but he remains personally responsible for his product from the time he is asked to prepare it until the time the draft leaves his organization. His analysts are working for him.

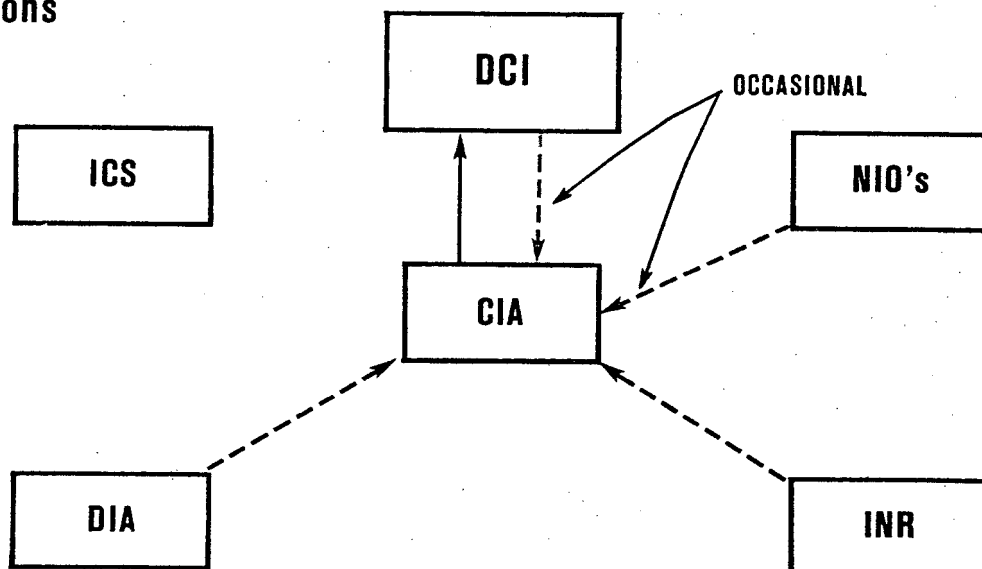
-- In Option III, one layer is removed from this process. The NIO addresses his request to the DD/CIA, who is then responsible for arranging with DIA and INR for drafts and contributions, and for arranging coordination. Under this Option, CIA would usually take the lead, but the participation of the other agencies would

THE PROCESS

3. Estimative Option III & IV



4. Current All Options



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otherwise be no less. (The DD/CIA will have to accept that in these matters the easy way--turn to CIA--is not necessarily the best way.) The NIO then works with the drafters as fully as under Option II, and his responsibilities to the DCI are unchanged.

-- Option IIIA differs from Option III only in substituting the DDI for the DD/CIA, thus removing another layer. The role of the NIO remains the same.

-- In Option IV, the NIO's are integrated into the DDI structure, but still serve the DCI individually. This is an efficient arrangement, but under it they obviously cannot, while they can do the other things called for under Options II, III and IIIA, give the DCI independent advice. That function must fall to a board of review, although an individual NIO might well serve as an ex officio member of such a board for papers in his field.

8. The changes under Options II-IV are directed toward combining the best elements of the various systems used in the past. The worst faults of the system prior to creation of the NIO system were communications failures between consumer and producer and among elements of the Community. These Options retain the improvements in communication derived from the NIO system while moving toward more clearly defined responsibility, and therefore--one hopes--toward quality. Should any of them be adopted, there would be no reason to anticipate any loss in responsiveness if production management responsibility reverts to line officers. The intelligence production business, like any bureaucracy, has a number of echelons, but over the last two decades it has developed a discipline that enables it to deliver a product to the consumer when he wants it and how he wants it, wherever the request enters the system. We have learned not to let our own bureaucratic structure get in the way of doing the job.

RICHARD LEHMAN

SUMMARY TABLE: OPTIONS FOR NATIONAL PRODUCTION

Approved For Release 2005/06/23 : CIA-RDP79M00467A001300190008-0
Agreed Requirements
(Para 3)

Area of
Disagreement
(Para 4)

New Requirements
Under E.O.
(Para 5)

| T I O N S | National Production Administratively Close to DCI | Direct Substantive Advice to DCI | NIO Staff Functions In Support of DCI | Collegial Review | Formal Community Role | Practical Community Participation | Management of Production | Evaluation Management | IC-CIA Balance |
|-----------------------|--|--|--|------------------------|---|--|--|--------------------------------------|--|
| | | | | | | | | | |
| I | Through NIO's directly | By NIO's | As at present | Can be incorporated | NFIB with DD/COMM as Vice-Chairman -- NIO's represent DCI | Through NIO's | Estimative by NIO's -- Current by CIA | Partly by NIO's but fragmented | CIA further downgraded |
| II | Through Chair- man, Steering Group | By NIO's | As at present | Can be incorporated | NFIB, NIO's, and Steering Group | Through Steering Group | Estimative by line managers -- Current by CIA | By Steering Group | DD/CIA or DDI as Chairman of Steering Group downgrades CIA less than Option I |
| III | Through DD/CIA | By NIO's and DD/CIA | As at present | Can be incorporated | NFIB and NIO's | DD/CIA responsible to DCI for maintaining | Estimative and current by DD/CIA | By DD/CIA | DD/COMM as V-Chair NFIB is balanced by DD/CIA responsibility for production |
| IIIA | Through DDI | By NIO's and DDI | As at present | Can be incorporated | NFIB and NIO's | DDI responsible to DCI for maintaining | Estimative and current by DDI | By DDI | As in Option III but DDI responsible |
| IV | Through DDI | By DDI supported by NIO's | As at present but DDI manages | Can be incorporated | NFIB | As in Option IIIA | As in Option IIIA | By DDI | As in Option III but DDI responsible |

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OFFICIAL ROUTING SLIP

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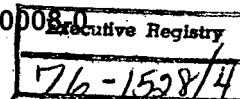
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Remarks:

Herewith for your information a copy of the Options paper on production that will be considered on Friday.

FOLD HERE TO RETURN TO SENDER

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| FROM: NAME, ADDRESS AND PHONE NO. | | DATE |
| Richard Lehman 7E44 Hqs. | | 14 Apr |
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1 April 1976

MEMORANDUM FOR THE RECORD

SUBJECT: DCI's Conversation with General Tighe

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1. At the DCI's request, General Tighe met with him on 30 March to discuss National Intelligence production, the future of USIB, etc. [redacted] and Mr. Lehman were also present.
 2. When asked about the Defense reorganization, General Tighe was rather non-committal. He said the matter was being tightly held by Secretaries Rumsfeld and Ellsworth.
 3. General Tighe urged that the NIO's be retained and strengthened. He argued that each should be given additional research and drafting staff to avoid the necessity for them to depend totally on the production organizations. Often, he said, this meant the only man made available to them for a project was not the best man. He noted that this was to some extent a function of which NIO; there was a pecking order among them.
 4. On the other hand, he criticized the ONE system because it would not accept military drafts of National Estimates. He felt the old Board had been in place too long and had become resistant to change in established opinions. Nonetheless, he urged the DCI to establish a small board of senior intelligence officers to advise him on ongoing estimates. Such a board, he emphasized, should not become "another layer in the process" and should not have a staff.
 5. General Tighe would like to see an NIO for Africa. He believes the Community has been slow to respond to emerging problems there.
 6. As to USIB, General Tighe urged its retention in its present form, perhaps with a name change. He believes it is working now as well as it ever has. He would like to see the Service Chiefs remain on the Board, but in their present "observer" status, implying he needs this distinction to maintain his ability to coordinate a Defense position. He saw some urgency in clarifying the future of USIB. Too many things in the Community were organizationally adrift. Mr. Lehman said there was overwhelming sentiment in favor of USIB's retention and he thought the DCI might be able to settle at least this issue in a couple of weeks or so. The Committees might take somewhat longer.

Executive Registry

Room 7-E-12

Headquarters

7. General Tighe expressed some concern that the CFI might intrude itself into USIB's business. The DCI said that was not his intention. It was agreed there had to be substantive input from USIB and its Committees to CFI resource decisions. This was complicated and difficult, but essential. General Tighe said he knew very little of CFI activities. Mr. Bush replied that the CFI was still sorting out what it should do and what its procedures should be. Mr. Lehman said that once this formative period was over it might be possible to keep the Community better informed.

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RICHARD LEHMAN

Executive Registry

76-1528/3

MEMORANDUM FOR: DCI

SUBJECT : National Intelligence Production

ER mid
24 Mar 76

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17 Mar 76

Background

1. In 1973 the Director of Central Intelligence abolished the Board and Office of National Estimates and set up the National Intelligence Officers in their place. This action began a debate on the relative merits of the two institutions that continues both inside and outside the Community. In 1976, as a result of E.O. 11905, the DCI must again address the question of national estimative intelligence. This memorandum analyzes the strengths and weaknesses of each system as they have emerged from the debate, and suggests ways which the stronger elements of each might be combined.

2. The Office of National Estimates consisted of a Board of generalists supported by a drafting staff of specialists. The NIO's are themselves area or functional specialists, and are charged with drawing their drafting assistance from the analytic elements of the Community. On the other hand, the NIO's have greater responsibilities than did O/NE. Not only do they produce a broader range of national intelligence than did O/NE, but they also serve individually as staff officers to the DCI in their areas of specialization.

(ATTENTION: DIRECTOR FILE)

I-23.1

3. There are at least seven identifiable functions that have been performed by one or both of these institutions. Both were concerned with the management and review of national production, and O/NE with production itself. The NIO's are directly charged with consumer liaison, with liaison across Community collection and production, and with serving as an energizer of the intelligence effort in new ways and directions; O/NE played a much larger role in these activities in its earlier years than it did in its later ones. The Board collectively advised the DCI on major substantive issues; as noted, the NIO's serve individually as his substantive staff. The next few paragraphs discuss each of these functions and how it has been handled.

Functions of a National Intelligence Staff

4. Consumer liaison: active measures to maintain close contact with the consumer; definition of his needs for intelligence; transmission of those needs to the production manager and the analyst, including the policy context in which they occur; facilitating policy-intelligence dialogue; securing consumer reaction to intelligence assessments.

Comment: There is virtually universal agreement that the NIO's have been successful in consumer liaison, far more so than any previous effort. A much closer link has been established between the producer and the consumer, and the product is

clearly more responsive. They have not been any more systematic than their predecessors, however, in general assessment of consumer acceptance. O/NE, particularly in its later years, was severely criticized for an "ivory tower" attitude. It waited for the tasks to come to it and insisted on answering the questions it thought worth answering; as a result, few questions were asked and fewer answers were relevant.

5. Management of production: development of terms of reference; assignment of tasks; arrangements for assembly, coordination and review; editing and mechanical aspects of production.

Comment: O/NE managed production efficiently, largely because it was itself responsible for the production it was managing and because it had a structured system for the process. The NIO's are less efficient. This is partly because the range of production tasks is broader, but it is also because their arrangements tend to be ad hoc and because these arrangements often run athwart the lines of command of the producing agencies. The analyst must serve two masters.

6. Production itself: organization; drafting; assembly and synthesis of contributions; defense of drafts under coordination and review; preparation of resulting final drafts.

Comment: Under O/NE, production was carried out by the O/NE staff. As noted above, this was a relatively efficient process, but the staff was to some extent isolated from and aloof from the working analysts. The result was a product that was smooth and literate, but which sometimes did not face up to the facts or to the hard analytic questions. Under the NIO's, the production is done by the analysts responsible. This has paid great dividends in a product soundly based on analysis and data, as well as in analyst morale. Analysts in all disciplines feel the need to participate much more directly in preparation of intelligence assessments for senior policy officers. The product tends, however, to be somewhat rougher than under the previous system.

7. Review:

- a. Internal for: organization; coherence; accuracy; completeness; vigor of argument; validity of judgment; responsiveness to stated requirement.

- b. External for: relevance to policy concerns; responsiveness to questions that should have been asked; broad topics not addressed; counter-arguments not considered; wisdom of judgment; the "experience factor"; general quality in the sense of the factors listed under internal review.

Comment: Internal review should be integral to the management of production. Under O/NE, this was the case. Under the NIO's, it is often not clear whether the NIO or the production organization is responsible, and the product suffers accordingly. The production manager at branch or division level loses control of his analysts when they are doing a task for an NIO. Such a paper will receive considerably less management attention than would one for which the manager is fully responsible. The NIO is usually too busy and sometimes not qualified to give drafts the intensive review they require. The NIO's solution is sometimes to draft a reviewer from among the production managers. This results in a further distortion of the chain-of-command;

in the extreme case, it can keep a senior line officer away from his assigned job for as much as six months at a time.

The Board of National Estimates was at its strongest in providing external review. Because it worked collegially, it was able to provide the broadly-based overview that NIO's acting individually cannot. In addition, it was able to contribute an additional dimension drawn from its collective experience and wisdom. The NIO's, on the other hand, have been criticized for the unevenness of production and for a fall-off in quality. In effect, because of NIO specialization, the broader overview can now be provided only by the DCI himself.

8. The "stimulus" function: examination of the nation and the world to identify new questions for intelligence; review of intelligence product to identify weaknesses and gaps in collection and production; identification of new sources, approaches, and methodologies; advice to the DCI on how to deal with the above.

Comment: O/NE was more active in energizing the intelligence apparatus in the 1950's than in later years. This is more a criticism of the way the system was manned than of the system itself. The

performance of the NIO's in this function has been spotty. Some have been active in collection, and others in identifying gaps in production. Generally, however, the absence of generalists among them and their focus on short-range policy support has meant that the broader questions have received less attention than narrow ones.

9. Community liaison: action across organizational, functional, and disciplinary lines to focus analysts and organizations on priority problems; maintenance of cross-Community contact and knowledge among intelligence offices in the same or related fields; similar activities in relation to external expertise, private or academic.

Comment: O/NE, as a closed society, was relatively inactive in Community liaison. It drew on various organizations for contributions (which it often ignored) but made little attempt to draw together analysts of various agencies and disciplines or collectors and producers. In sharp contrast, this has been an area where the NIO's have done outstandingly well. They have made the individual analysts, and particularly those in obscure fields and peripheral functions, feel much more a part of the team. They have encouraged discussion

across functions and disciplines, and have brought the analysts themselves more into the substantive debate on estimative issues. In the past, this debate tended to be conducted by representatives two or three echelons removed from the working analyst.

10. Substantive staff for the DCI: advising him on consumer needs and intelligence capabilities; ensuring that his own substantive needs are met; representing him in certain fora; focusing Community attention on special projects that cross functional lines; trouble-shooting.

Comment: Except in a very limited sense, (e.g., on National Estimates) the members of the Board of National Estimates did not serve as advisers to the DCI. In fact, until the NIO system was created, DCI's did without any substantive staff bridging directorates, much less bridging agencies of the Community. The usefulness of such a function was demonstrated by the coordinating activities of the Special Assistant for Vietnamese Affairs, and it was on that pattern that the staff role of the individual NIO's was designed. Here again, they have made a substantial con-

tribution. It should be noted, however, that their utility in this capacity depends to a great extent on the way each DCI chooses to do business.

Evaluation of the NIO System

11. It is clear from this review that the great strength of the NIO system is that it involves the consumers at one end of the process and the analysts at the other end more directly in shaping the product. It has also provided for the DCI valuable services not previously available to him. On the other hand, while the product has been improved in the sense of relevance and in addressing difficult analytic issues, it has suffered in other ways. The responsibility for review has been fragmented by the operation of the NIO's across organizational command lines, and the advantages of a collegial review have been lost. Similarly, while the NIO's have been effective as energizers of the Community on short-range questions, their preoccupation with immediate policy support and the lack of collegial interaction means less attention given to the longer range.

12. It would therefore appear that the problem areas lie in the relationships between the NIO's and the line production organizations, and in the absence of the broader view provided by a collegial board. There are, however, additional problems that are not directly brought out in the analysis above.

-- The duties assigned to the individual NIO are so broad that no one individual can do them all well. In fact, on the more active accounts that involve large elements of the Community, it is difficult for an NIO and an assistant to do them at all. The result has been a great unevenness of performance. Each tends to specialize in those functions to which he is most comfortable. Moreover, since each acts as an individual, no common discipline is imposed upon them.

-- Production resources are not infinite. When one tracks down through the structure, one often finds that the entire resources of the CIA or DIA on a specialized subject of some importance are the part-time efforts of one man. The NIO's have first call on these resources, but have no responsibility for justifying them or managing them. There is no regulating mechanism to protect the long-range plans of the production manager who must think in terms of research to answer next year's questions as well as quick response to those of this year.

-- Related to this problem is the tendency of some NIO's to over-sell the product.

They will volunteer to have papers prepared that the consumer would agree would be "nice" for them to have, as well as those that are truly required. It is difficult for the production manager to identify and to resist this kind of task.

-- Some NIO's are responsible for problems, such as strategic weapons, which involve all agencies and a large commitment of resources across the Community. Others, however, work on problems that have a low priority in Community resource terms. The former have a genuine Community role to perform. The latter find that the only resources upon which they can draw are those of CIA. In effect, they duplicate the responsibilities of the corresponding CIA officer. This raises the question as to whether all NIO's should be full-time.

Proposals for Change

13. A number of suggestions have been made of ways to improve or change the present system. They break into three categories, under each of which a broad range of suggestions have been made. These are: ways of providing better review of production, centering around the establishment of some sort of collegial board;

changes in the system for managing production to provide clearer lines of authority; changes in the responsibilities of the NIO's themselves. While these categories overlap, they can be considered, and changes can be made, independently of one another.

14. Collegial Review

-- Restoration of the Board of National Estimates. Under this approach, the Board would consist of, perhaps, eight or nine generalists chosen largely from outside the Intelligence Community. It would be advisory to the DCI, and would review national production for him and provide the stimulus function for the Community. The NIO's would continue in their present role; the Board would be a level of review imposed above them. The advantages of such an arrangement are that it provides the maximum of independent advice to the DCI and provides his product with a certain prestige deriving from the reputation of the Board and its members. Such a Board would also be useful to him in resisting external pressures of a political or policy nature. The practical disadvantages of this approach, however, are very great. It interposes another layer in an already complex process. The Board's relations with the NIO's

and with the production elements of the Community would be difficult to manage. In effect, there would be too many senior officers answering to the DCI and stumbling over each other to get at production resources. Another practical consideration is that the NIO's already have more GS-18 positions than the entire CIA production apparatus. Imposing a Board in addition to the NIO's would make the system top-heavy indeed.

-- A second approach is to create a Board composed of the NIO's. This by far is the simplest approach, in that it would require only that the present group act collegially on major papers. On the other hand, it would not help much. The individual NIO's are already too busy to pay a great deal of attention to other NIO's papers. Moreover, as specialists themselves, the added insights they can provide are limited.

25 -- proposal for a greater involvement of USIB in national estimates is really a proposal that USIB be a Board of National Estimates. In theory, this is an attractive idea. In practice, USIB members have neither the time nor, in some cases, the

personal characteristics required for this kind of independent review. The sheer volume of national production is such that detailed review at the USIB level would have to be reserved for only the most important of papers. It is, however, something that can be experimented with in particular cases without disturbing any other changes that might be made.

-- Yet another suggestion is for a part-time Board consisting of the senior officers at, say, the Office Chief level in the various producing agencies. The NIO system would continue as before, but these officers as a group would be asked to review a paper before it was transmitted to the DCI. This again is a relatively simple fix, one that has the advantage of involving the officers whose analysts have prepared the paper and who themselves are substantively capable of reviewing it. On the other hand, this is hardly an independent review, and the production Office Chiefs are busy men already.

-- A fifth suggestion would be to charge the NIO's with assembly of an appropriate panel of reviewers for each paper. This suggestion has considerable merit. The reviewers could be chosen with regard to the content of the paper, and could include senior officers of the intelligence agencies, individual analysts or outside experts. The disadvantage is that a large-scale assembly of such panelists from among officers who have other commitments might prove difficult, especially when the novelty wore off.

-- Finally, there is an idea of combining a group of NIO's acting collegially with a few generalists. Such a Board might combine the best of the generalists' and specialists' worlds. An independent review could be provided, and there would be some Board members who could give attention to longer-range and cross-disciplinary problems. A disadvantage, however, is that the addition of generalists to the present dozen NIO's would make the Board unwieldy in size and, as noted earlier, top-heavy in relation to the production structure. It would be necessary to reduce the number of NIO's serving on the Board in order to accommodate generalists.

15. Production Management

-- One possibility, strongly advocated by those who served in the Office of National Estimates and strongly opposed by virtually everyone else, is the restoration of a drafting staff similar to that O/NE. The arguments in favor of this are largely that most analysts do not have the required drafting skills and all analysts are too busy analyzing to give the proper attention to an estimate. The disadvantages are that the system places a layer between the analyst who is at grips with the problem and the national intelligence product. It creates an element of elitism and causes unnecessary resentment in the production organizations. In addition, the existence of a drafting staff tends to create drafts, whether they are needed or not.

-- Another solution, this one extreme, is to make the production elements themselves into a national drafting staff for the full-range of national intelligence from the most current to the longer-range estimative. In practical terms, this would involve redesignating OCI as the Office of National Intelligence and incorporating in it economic and

military elements able to draw on the research components of CIA, DIA, and State. This Office of National Intelligence would, to the extent possible, be jointly manned by the three agencies. The NIO's would become the component chiefs within the office. A chief advantage here would be the consideration of one "national" office under the DCI of a large proportion of the resources needed to meet national production needs across their full range. A disadvantage would be that it would sharply change the character of the NIO's; it would improve their ability to manage production, where there are now problems, but at the cost of weakening them in what they do best, if only from the demands on their time. The change would be disruptive, particularly for the structure of DIA, and it would be difficult to maintain smooth relations between the Office of National Intelligence and the Community research organizations upon which it would have to depend.

-- In contrast, the least radical change would be simply to add additional assistants for a few of the busier NIO's, or a small pool

of generalist drafters. While this would relieve some of the pressures on the system, and in some cases provide better drafts, it would not help in any way to resolve the conflicts between the NIO system and the production manager. Rather, it would be seen as the first step back toward an O/NE-style drafting staff and would be bitterly resisted by the production offices. In fact, once the line was breached, it would be very difficult to resist pressures for future additions.

-- It would also be possible to return to the system that was used for the military estimates in the last years of O/NE. Under this system, the NIO's would request the DDI and DDS&T to prepare a draft, but would not be responsible for its production. Rather, the production offices would be responsible for organizing Community inputs for drafting and for Community coordination. This system worked well, and solved the problem of keeping responsibility for the quality of production clearly in the hands of the production manager. It would be seen today, however, as a step back toward CIA domination of the production process.

-- Lastly, the previous suggestion could be adapted to broaden the Community's role. Again, the NIO's would give up the production management function. A "National Intelligence Steering Group" would be established under NFIB, chaired by the DDI and with his opposite members from DIA and INR as members. This Committee would be responsible for production management. It would allocate tasks and develop terms of reference in consultation with the NIO's, but it would be responsible to the DCI for the quality of the product. Such a device would lessen the burden on the NIO's, leaving them free to do what they do best, while placing the responsibility for production clearly within the chain-of-command. The disadvantages are that the Steering Group becomes another layer in the process, and that it might place inordinate demands on the time of its membership.

16. Changes in the NIO's themselves. Implicit in a number of the suggestions above are changes in the character of the NIO system. Some of these could be made independently of other changes, however, and it seems useful to analyze them separately.

-- A suggestion has been made simply to abolish the system. Sentiment through-

out the Community, however, is overwhelmingly in favor of its retention in some form, and there seems little need to discuss this further.

-- A more realistic idea, and one that is built into some of the suggestions for production management, is that of relieving the NIO's of this management function. As noted earlier, this would give the NIO's more time for their staff responsibilities to the DCI and their consumer and Community liaison functions. It would relieve the pressure to provide them more staff and might make it possible to reduce their number. Most important, it would resolve the conflict between them and the line production managers. On the other hand, it would vitiate the original concept of the NIO's, and might weaken their ability to serve the DCI.

-- It has been pointed out that some NIO's are much busier than others, that some have broad Community responsibilities while others are more narrowly focused and have few Community resources to support them. This raises the possibility that some NIO's

should be full-time and others not. Coupled with this is the thought that some generalists might then be added to the NIO group. Part-time NIO's would combine their NIO responsibilities with management of appropriate production elements. In practice, however, these would have to be CIA officers, and the Community aspect of the NIO's would be correspondingly weakened.

-- Finally, it would be possible to go one step further and make all the NIO's heads of corresponding production organizations. If these organizations are those of CIA, this suggestion amounts to abolition of the system and return to the concept of CIA as the DCI's coordinating Staff. If they are those of the Office of National Intelligence proposed above, the Community aspect is retained, but NIO's who are organization managers will have little time for their staff or liaison roles.

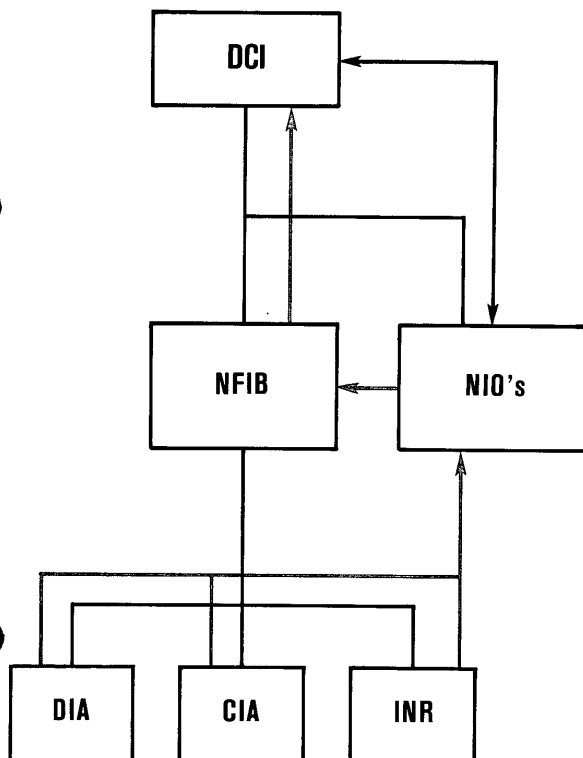
Some Possible Approaches

17. On the basis of this analysis, it is now possible to assemble the parts into models of working systems. We have developed five such models, ranging from something resembling the present NIO

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Model I

Present system with minor modifications

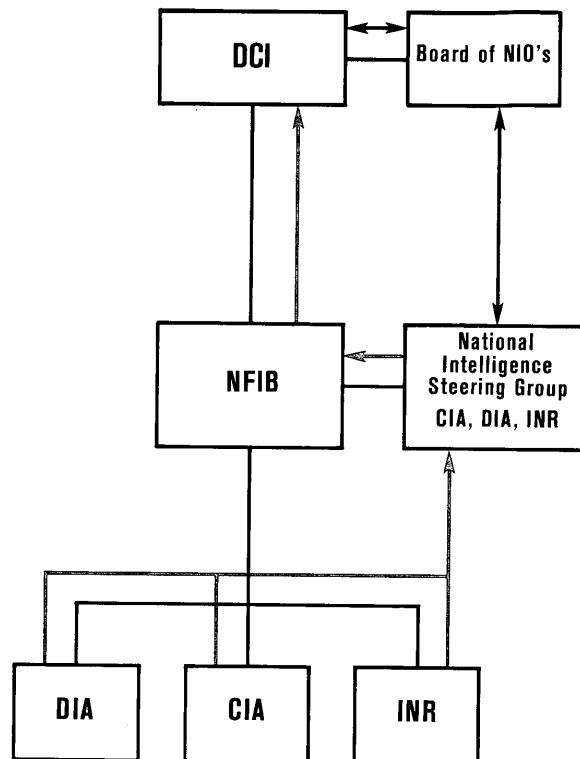


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Estimative Intelligence

Model II

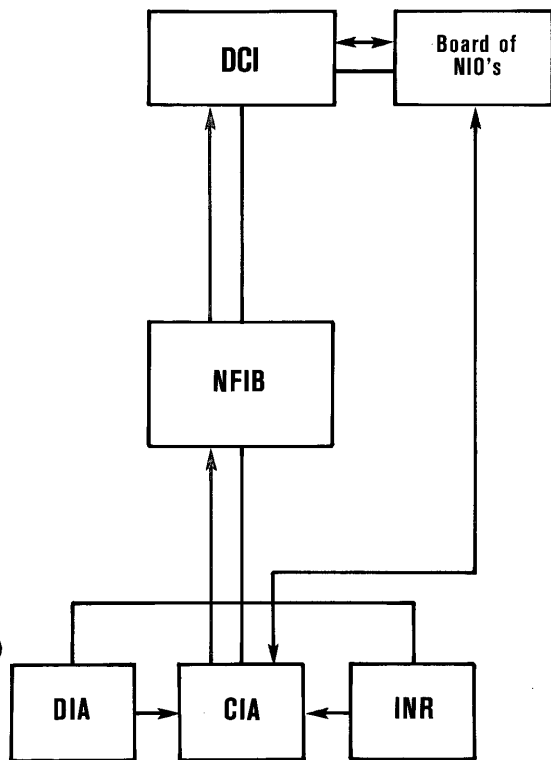
Present system with production management separated from NIO's



Estimative Intelligence

Model III

Adaptation of system used for military estimates 1970-73



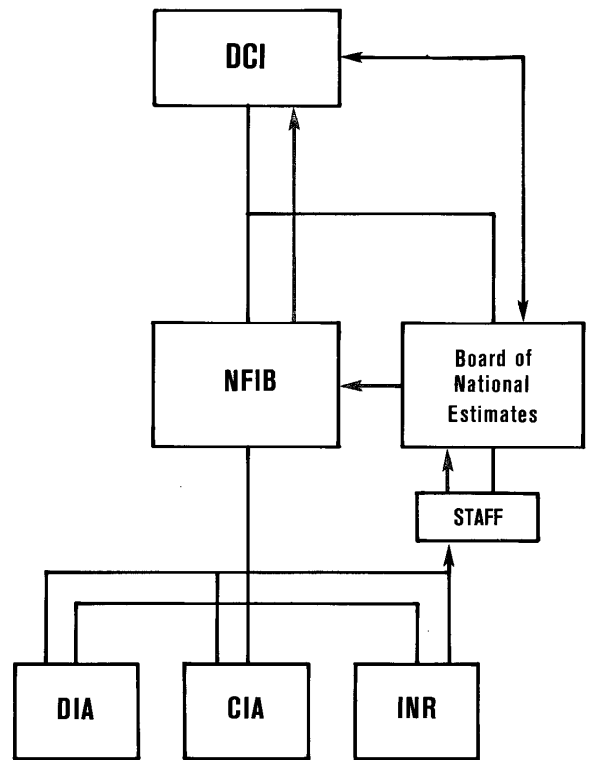
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Estimative Intelligence

Model IV

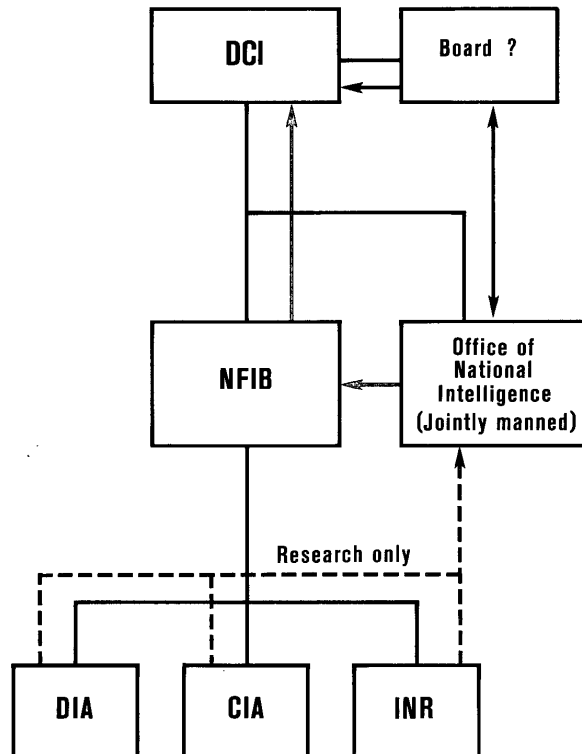
System in use 1951-69



Estimative Intelligence

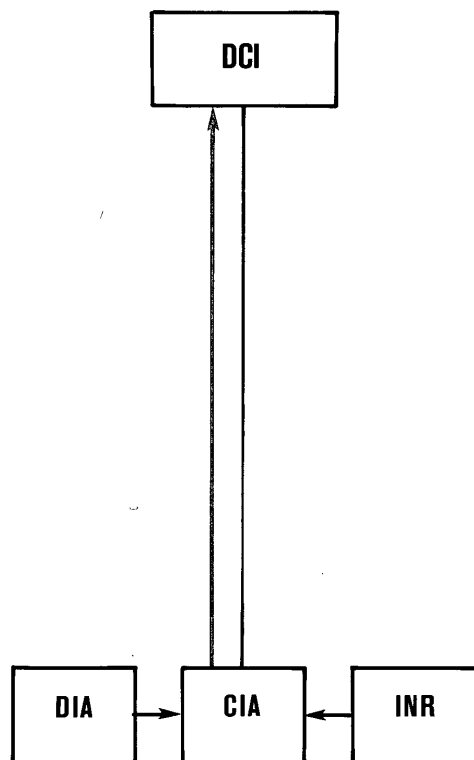
Model V

Central community (Facility production)



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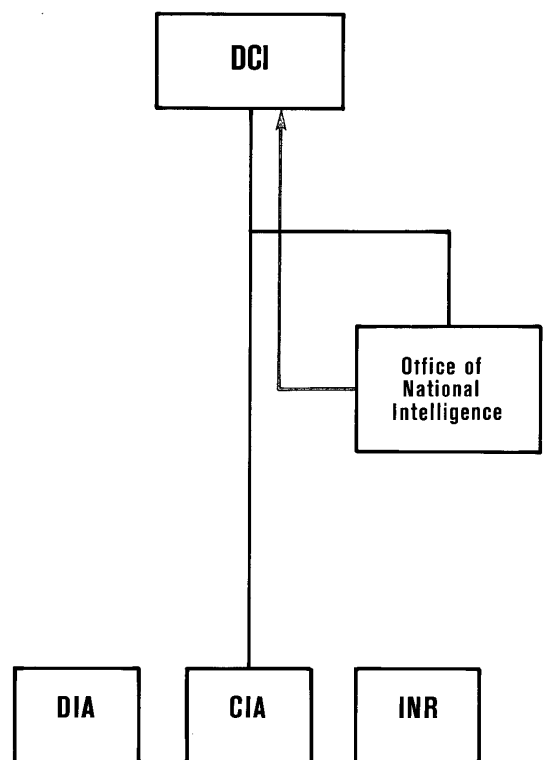
**Current Intelligence
Model I - IV**



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Model V



system to a rather radical change in the way the Community does business. These models are illustrative only; features of one could, in many cases, be adapted to another. For simplicity, the diagrams emphasize the production of National Estimates. A separate set shows how current intelligence would be produced.

18. Model I is the present system with minor modifications. An external review process would be added either by requiring a collegial review of estimates by several NIO's or by the formation of ad hoc review panels. Three positions for generalists recruited externally might be created by elimination of the NIO's for Special Projects (however useful, is this an NIO function?) and for Economics (duplicates D/OER) and a consolidation of five assignments to provide one NIO for East Asia (including Southeast), one for Near East and South Asia, and one for Africa and Latin America. Each of the three might be provided an additional assistant and the generalists an assistant apiece without increasing the size of the NIO organization.

19. Model I would require little disruption of present activities. It would meet some of the felt weaknesses of the NIO system, especially in regard to external review and broad projection. It would establish a better balance among NIO responsibilities. It would not, however, do anything about the key problem of divided authority.

20. Model II addresses itself specifically to this problem. The NIO's would be relieved of any responsibility for production

management. This responsibility would be placed in a sub-committee of NFIB consisting of CIA/DDI, Chairman, and corresponding DIA and INR members. All requests for inter-agency production would be addressed to this Steering Group, and it would decide whether the task was to be undertaken, by whom it was to be drafted, and how it was to be managed and coordinated. Terms of reference would be worked out in consultation with the appropriate NIO. Thus line managers would again become fully responsible for their product. At the same time the valuable staff and liaison services performed by the NIO's would continue. The present "production committees" of USIB would report to the Steering Group.

21. Under this arrangement the NIO's might be reorganized as in Model I, but with a reduced supporting staff. Their total number might be reduced by further consolidation or by a system under which only those with major Community coordinating roles (Strategic Programs, Conventional Forces, USSR, China, Middle East) would be full-time. CIA officers in appropriate substantive line positions would assume the duties of the others.

22. Model II meets most criticisms of the present system and provides the means for a significantly better product. It preserves the best factors of the NIO system, notably a substantive staff directly under the DCI to monitor the full range of Community activities. Its major disadvantage would appear to be uncertainty as to whether the NIO-Steering Group-producing element linkages would work efficiently.

23. Model III is the simplest and most efficient of those presented. It would attach to the DCI an advisory Board (of NIO's, of generalists, of a combination), but return to CIA the production management and coordinating function.

24. As compared with Model II, Model III would provide roughly the same degree of review. The "Board" could be constituted in any of the ways suggested. The NIO's could be retained and could do everything they now do except production management. The change would place the basic responsibility for drafting with those elements dedicated exclusively to national intelligence. This would in general produce better drafts, but it would also mean that CIA would be preparing them. The DCI would have to be willing to defend the concept that CIA is his staff if he wants to take this route.

25. Model IV is the Board/Staff of National Estimates as it used to operate. The Senate Select Committee apparently wants a return to this structure. It would be very difficult to do so, especially after analysts throughout the Community have been more deeply involved in production. The consensus is that there are advantages to a collegial board but that the staff has been overtaken by the maturing of line analysts. This solution, as noted above, no longer is a valid one.

26. Model V is the radical solution. In it CIA's Office of Current Intelligence would be used as the framework for an Office of National Intelligence answering to the DCI. Such an office, jointly managed and manned by CIA, DIA, and INR, would be responsible

for the full range of intelligence production for policy support, from the most current intelligence to national estimates. It would be organized regionally, with the bulk of its analysts political, but each regional division would have strong economic and military staffs. These would in turn draw on the research elements of DIA, CIA and INR. The latter would no longer deal with current support matters, and the new office would be solely responsible, not only to the DCI, but also to the Secretaries of State and Defense.

27. A generalist Board of Review might well continue advisory to the DCI, but under the concept the NIO's would become the line officers responsible for production in their areas of interest, e.g., the Chief, Western Hemisphere, of the Office of National Intelligence would also be the NIO for the Western Hemisphere.

28. Model V would be a real departure in the direction of Congress' original intent in 1947. It, in effect, reinvents CIA. It would also be extremely difficult to administer well. In particular, joint manning could be a problem. The core would have to be CIA, but neither DIA nor State would readily come forward with personnel of comparable quality. If they did not, and if the organization could not be managed as a cooperative enterprise, then the DCI would have given up effective CIA mechanisms for even more cumbersome Community coordination.

29. On the other hand, Model V would provide a single source for intelligence in support of national policy. Thus the same analysts, using the same sources, would be producing current intel-

ligence, national estimates, and all the forms in between. This would provide a greater coherence to national reporting. Model V would provide the maximum centralization of the production function under the DCI. It also would have the disadvantages of Model IV in spades: potential elitism, isolation of analysts from drafters, and drafters from hard facts; NIO's limited in their cross-functional roles.

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MEMORANDUM FOR THE RECORD

FROM LEHMAN

SUBJECT: Organization for National Production

1. On 15 March, at the request of the DCI, Mr. Knoche and I called on Major General Grittenberger, Acting Director, DIA. Major General Faurer and [] were also present.

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2. I presented the DCI's preliminary decision in regard to national production. There ensued an extended discussion, in which the DIA personnel offered no objection to the DCI's plan. Rather, their questions were directed to issues which the DCI had not yet specifically addressed.

3. The most important of these was whether the NIO's would move out of Langley along with the IC Staff. General Faurer argued strongly that as long as they were located in Langley they would be forced to depend on and to "favor" CIA. I answered that his point was theoretically unassailable, but in practice the NIO's had to depend on someone or they would be forced to grow into yet another intelligence agency. General Faurer said that moving them away from CIA would force them to move around the Community more and to draw more even-handedly on the agencies of the Community; new technological devices would make it possible for them to carry out even time-urgent projects from a distance. I repeated that I could not fault the theory of General Faurer's argument, but that practical considerations weighed strongly against such a course until it was demonstrated that technology could solve the problem. It should be noted that DIA was arguing only that the NIO's not be at Langley, not that they need be part of the IC Staff.*

*In contrast to the State view of the NIO's as a path for the policy officer to reach the resources of CIA, the DIA officers see the NIO's as a path for DIA's analysis to research the policymaker. In my view, most of our customers would support the State view. I later tested this idea on Bill Hyland, whose response was that he would welcome the NIO's downtown, but only if they could bring substantial elements of the DDI with them.

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5. General Faurer also put particular stress on the desirability of making the NIO staff itself as ecumenical as possible by drawing less on CIA and more on other agencies. Mr. Knoche agreed, but pointed out that this could only be done if other agencies were willing, when the chips were down, to furnish first-rate people.

6. General Crittenberger and his colleagues asked a number of questions about plans for USIB, its Committees, and the IC Staff. Mr. Knoche replied to the extent possible, stressing the preliminary nature of these plans.



RICHARD LEHMAN

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17 March 1976

MEMORANDUM FOR: Director of Central Intelligence

FROM: William E. Nelson
Deputy Director for Operations

SUBJECT: Decisions Regarding Structuring of
"National Production"

1. The Operations Directorate has not been included in the discussions with you regarding the division of responsibilities between the Deputy Director of Central Intelligence and the Deputy to the Director of Central Intelligence for the Intelligence Community. This has not been inappropriate inasmuch as the initial question has been the assignment of the responsibility for "National Production" rather than any matters immediately involving collection. The direct subordination of the Operations Directorate and all its activities to the Agency Deputy is hardly in dispute.

2. I agree that it is logical first to assign the production function and then to proceed with other organizational decisions required by EO 11905. I believe, however, that the decision how to organize in order best to discharge your production responsibilities will necessarily have an impact on your capability to discharge your collection responsibilities with optimum efficiency, and that in making a final decision on production it is wise to consider its effect on CIA as a whole.

3. Only about [] of CIA's funds and about [] of its personnel are devoted to intelligence production. On the managerial side, therefore, the Agency Deputy should almost certainly devote the overwhelming preponderance of his time to the problems of collection and administration. Our worldwide clandestine operations [] will continue to require participation by you and your Deputy both in decision making and in selected contacts. Although the substantive matters involved in the national production process are frequently of major complexity and importance,

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the same is true of many aspects of covert action, which is responsive to a direct chain of authority to the President through the National Security Council.

4. The foregoing considerations lead me to recommend against Dick Lehman's "OPTION III" which would seem to enmesh the Agency Deputy so completely in the intelligence production organization that he would have inadequate time for attention to his major managerial responsibilities. There is even some danger of this in "OPTION II" and I would urge that if this choice is selected the "Board of National Intelligence" be given a strong Executive Officer and the Agency Deputy's role on that body be as presiding officer.



William E. Nelson

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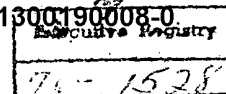
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16 March 1976

MEMORANDUM FOR THE RECORD

SUBJECT: Organization for National Production

1. On 15 March the DCI met with Mr. Saunders, Director, INR, to discuss organization for national production. Mr. Saunders was accompanied by Messrs. Kirk, Packman, and McAfee.

2. Mr. Saunders offered no objection to the general arrangement proposed by the DCI. He voted strongly in favor of a device like the NIO's, whom he characterized as capable of getting access to the full range of CIA's capabilities in their fields of expertise, thus avoiding the necessity of contacting several offices.

3. Mr. Packman compared the NIO system favorably with the Board and Staff of National Estimates. He described the Board as "arrogant" and detached from both the concerns of the consumer and the facts of the analyst. Mr. Saunders also put great emphasis on the necessity that any system marry both these elements.


4. Mr. Saunders then referred to the CFI. He said the Department of State, since it did not have membership, was concerned that it be fully apprised of CFI undertakings. He asked how State could relate to CFI and to the IC Staff. Mr. Bush asked me to take the matter up with Mr. Saunders. (I separately told Mr. Saunders that this interaction might take place:

- through the sub-Committee structure, in which State would be represented;
- through participation in the IC Staff;
- through participation by invitation in selected CFI meetings;
- possibly through assignment of a State liaison officer to the IC Staff.

I urged Mr. Saunders to discuss the matter further with Mr. Knoche.)

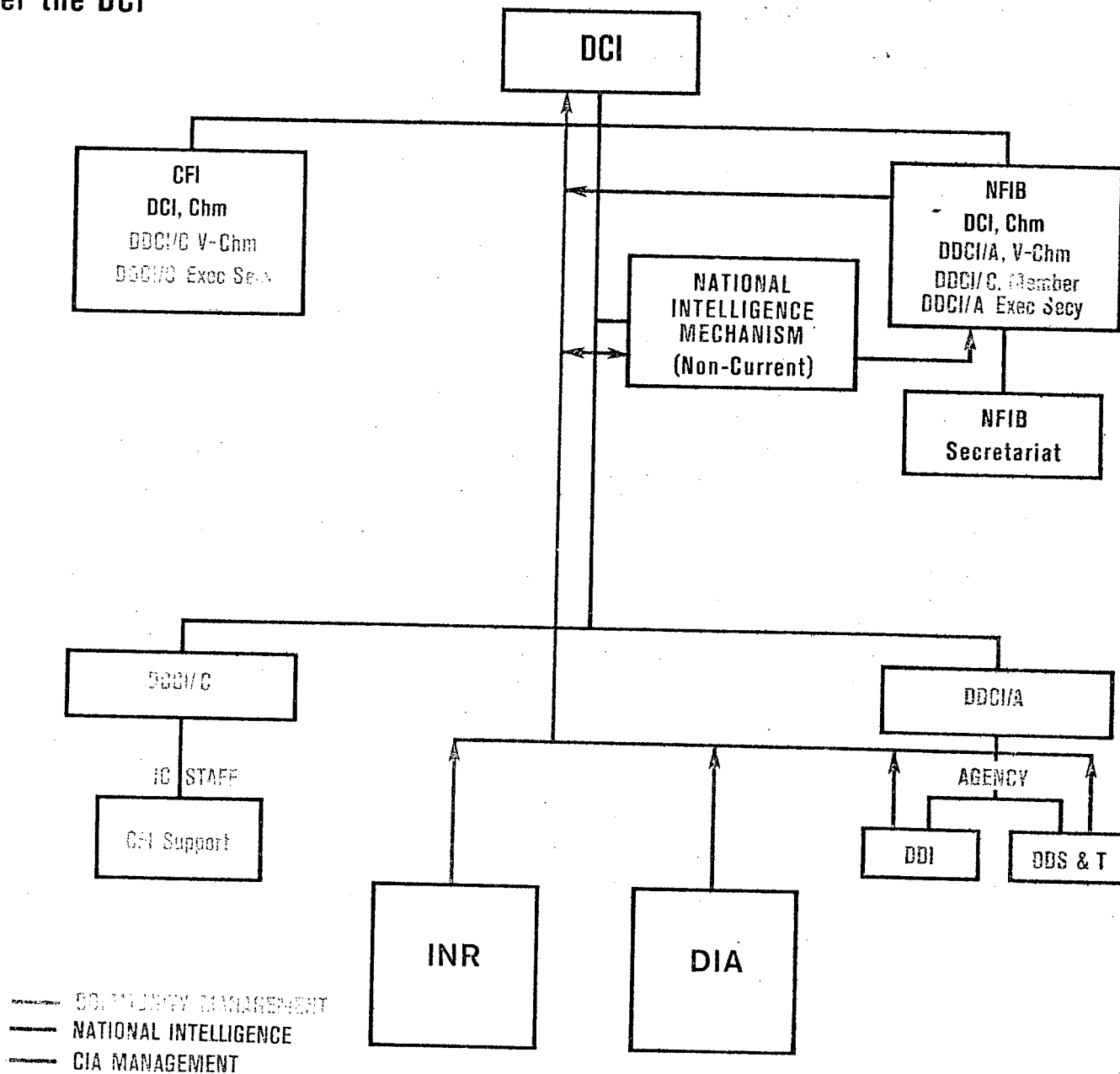
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5. Mr. McAfee then referred briefly to State-DDO relations. He urged that CIA lean in the direction of fuller briefing of the Ambassador on the scene, especially when the Ambassador was a pro-



RICHARD LEHMAN

National Intelligence Production under the DCI



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| TO | NAME AND ADDRESS | DATE | INITIALS |
| 1 | DCI | | |
| 2 | for Dick Lehman | | |
| 3 | Kissinger subvolved | | |
| 4 | this to me - Dick, please | | |
| 5 | disuss - G B | | |
| 6 | | | |
| ACTION | | DIRECT REPLY | PREPARE REPLY |
| APPROVAL | | DISPATCH | RECOMMENDATION |
| COMMENT | | FILE | RETURN |
| CONCURRENCE | | INFORMATION | SIGNATURE |
| Remarks: | | | |
| <p>FOR CFI PRE-BRIEF 0800 WED, 17 MARCH</p> <p>NOTE NEW FLOW CHART</p> | | | |
| FOLD HERE TO RETURN TO SENDER | | | |
| FROM: NAME, ADDRESS AND PHONE NO. | | | DATE |
| <p>Richard Lehman 7E44 Hqs.</p> | | | 16 Mar |
| UNCLASSIFIED | | CONFIDENTIAL | |
| | | SECRET | |

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